

ROLLIN TOWNSHIP

Lenawee County

Annual Financial Report

March 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name ROLLIN TOWNSHIP	County LENAWEE
Audit Date 3/31/04	Opinion Date 8/18/04	Date Accountant Report Submitted to State: 8/31/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

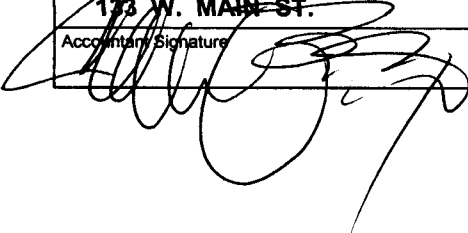
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) PHILIP R. RUBLEY, CPA			
Street Address 138 W. MAIN ST.	City MORENCI	State MI	ZIP 49256
Accountant Signature 			Date 8/18/04

ROLLIN TOWNSHIP
Comprehensive Annual Report
Year Ended March 31, 2004

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Report To State Treasurer on Audit Procedures

PHILIP R. RUBLEY

- Certified Public Accountant -

133 W. MAIN STREET • MORENCI, MI 49256

PHONE 517/458-2274

FAX 517/458-6353

PHILIP R. RUBLEY, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF C.P.A.'s
& THE MICHIGAN ASSOCIATION OF C.P.A.'s

August 18, 2004

Board Of Trustees
Rollin Township
Lenawee County, Michigan

Independent Auditor's Report

We have audited the accompanying general-purpose financial statements of Rollin Township, Lenawee County, Michigan as of and for the year ended March 31, 2004. These general purpose financial statements are the responsibility of Rollin Township management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Rollin Township, Lenawee County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,


Philip R. Rubley, CPA
Morenci, Michigan

PRR/cab

ROLLIN TOWNSHIP
Combined Balance Sheet - All Fund Types and Account Groups
March 31, 2004

	Governmental Fund Type	
	General	Special Assessment
<u>Assets</u>		
Cash		
Investments - Certificate of Deposits and Savings	\$259,741	\$16,667
Receivables (Net, Where Applicable-Allowances for Uncollectibles):	387,547	---
Taxes, Including Interest, Penalties and Liens, General	14,823	1,560
Prepaid Insurance	4,810	---
Due from Other Funds	8,088	375
Fixed Assets (Net of Depreciation)	---	---
Total Assets	<u>\$675,009</u>	<u>\$18,602</u>
<u>Liabilities</u>		
Accounts Payable	\$ 11,665	\$ 2,241
Deferred Revenue	13,112	---
Deposits Payable-Mobile Homes	2,091	---
Due to:		
Posey Lake Drain Fund	---	---
Other Funds	---	---
Bonds Payable	6,142	5,015
Total Liabilities	<u>33,010</u>	<u>7,256</u>
<u>Fund Equity</u>		
Investment in General Fixed Assets	---	---
Fund Balances:		
Reserved or Restricted Fund Balance for Park	---	---
Unreserved:		
Undesignated	641,999	11,346
Retained Earnings	---	---
Total Fund Equity	<u>641,999</u>	<u>13,346</u>
Total Liabilities and Fund Equity	<u>\$675,009</u>	<u>\$18,602</u>

See accompanying notes to financial statements.

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type Trust and Agency</u>	<u>Account Group General Fixed Assets</u>	<u>Totals Memorandum Only</u>
\$ 830,539 ---	\$29,024 ---	\$ --- ---	\$1,135,971 387,547
100,800 ---	---	---	117,183
6,142 ---	---	---	4,810
4,853,103 ---	---	370,847	14,605
<u>\$5,790,584</u>	<u>\$29,024</u>	<u>\$370,847</u>	<u>5,223,950</u>
<u>\$5,790,584</u>	<u>\$29,024</u>	<u>\$370,847</u>	<u>\$6,884,066</u>
\$ 253,915 ---	\$27,894 ---	\$ --- ---	\$ 295,715 13,112
---	---	---	2,091
---	---	---	---
---	1,130 ---	---	12,287
<u>2,969,650</u>	<u>---</u>	<u>---</u>	<u>2,969,650</u>
<u>3,223,565</u>	<u>29,024</u>	<u>---</u>	<u>3,292,855</u>
---	---	370,847	370,847
---	---	---	---
---	---	---	---
<u>2,567,019</u>	<u>---</u>	<u>---</u>	<u>3,220,364</u>
<u>2,567,019</u>	<u>---</u>	<u>370,847</u>	<u>3,591,211</u>
<u>\$5,790,584</u>	<u>\$29,024</u>	<u>\$370,847</u>	<u>\$6,884,066</u>

ROLLIN TOWNSHIP
 Combined Statement of Revenues, Expenditures
 and Change In Fund Balances
 All Governmental Fund Types
 For The Fiscal Year Ended March 31, 2004

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Assessment</u>	<u>Memorandum Only</u>
Revenues:			
Taxes and Special Assessments	\$ 85,968	\$24,675	\$110,643
Trailer Park Fees	466	---	466
Licenses and Permits	26,723	---	26,723
Intergovernmental Revenues	187,924	---	187,924
Interest and Penalties	15,930	103	16,033
Miscellaneous	11,958	---	11,958
Charges for Services	59,479	---	59,479
Total Revenues	<u>388,448</u>	<u>24,778</u>	<u>413,226</u>
Expenditures:			
Current:			
General Government	170,136	---	170,136
Public Safety	59,840	---	59,840
Highways, Streets and Bridges	116,495	26,741	143,236
Zoning and Planning	2,576	---	2,576
Transfer Station	19,994	---	19,994
Hospital	24,178	---	24,178
Parks	5,469	---	5,469
Total Expenditures	<u>398,688</u>	<u>26,741</u>	<u>425,429</u>
Excess Of Revenues Over (Under) Expenditures	(10,240)	(1,963)	(12,203)
Fund Balance - Beginning of Year	<u>652,239</u>	<u>13,309</u>	<u>665,548</u>
Fund Balance - End of Year	<u>\$641,999</u>	<u>\$11,346</u>	<u>\$653,345</u>

See accompanying notes to financial statements.

ROLLIN TOWNSHIP
 Combined Statement of Revenues, Expenditures
 And Changes in Fund Balance
 Budget (GAAP Basis) And Actual - General Fund
 Year Ended March 31, 2004

	<u>General Fund</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Taxes	\$ 79,783	\$ 85,968	\$ 6,185
Licenses and Permits	25,241	26,723	1,482
Trailer Park Fees	309	466	157
Intergovernmental Revenues	203,205	187,924	(15,281)
Interest and Penalties	13,910	15,930	2,020
Miscellaneous	7,929	11,958	4,029
Charges for Services	61,235	59,479	(1,756)
Total Revenues	<u>391,612</u>	<u>388,448</u>	<u>(3,164)</u>
Expenditures:			
General Government	177,574	170,136	7,438
Public Safety	59,900	59,840	60
Highways, Streets and Bridges	120,080	116,495	3,585
Zoning and Planning	8,855	2,576	6,279
Transfer Station	27,750	19,994	7,756
Hospital	24,300	24,178	122
Parks	20,200	5,469	14,731
Total Expenditures	<u>438,659</u>	<u>398,688</u>	<u>39,971</u>
Excess (Deficiency) Of Revenues Over Expenditures	(47,047)	(10,240)	36,807
Fund Balance - Beginning of Year	<u>652,239</u>	<u>652,239</u>	<u>---</u>
Fund Balances - End of Year	<u>\$605,192</u>	<u>\$641,999</u>	<u>\$ 36,807</u>

See accompanying notes to financial statements.

ROLLIN TOWNSHIP
Statement of Revenues, Expenditures
And Changes in Fund Balance
Budget (Non GAAP Budgeting Basis) And Actual
Special Assessment Fund Type
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Special Assessments	\$24,760	\$24,675	\$ (2,085)
Interest Income	---	103	103
Total Revenues	<u>24,760</u>	<u>24,778</u>	<u>(1,982)</u>
Expenditures:			
Street Lighting	24,760	26,741	19
Other	---	---	---
Total Expenditures	<u>24,760</u>	<u>26,741</u>	<u>19</u>
Excess of Revenues Over (Expenditures)	---	(1,963)	(1,963)
Fund Balance - Beginning of Year	<u>13,309</u>	<u>13,309</u>	<u>---</u>
Fund Balance - End of Year	<u>\$13,309</u>	<u>\$11,346</u>	<u>\$ (1,963)</u>

See accompanying notes to financial statements.

ROLLIN TOWNSHIP
Statement of Revenues, Expenses And Changes In Retained Earnings
Proprietary Fund Type
March 31, 2004

	Proprietary Fund Type <u>Combined Sewer Fund</u>
<u>Operating Revenues</u>	
Sewer Assessments and Usage	\$ 537,438
Miscellaneous Income	<u>14</u>
Total Operating Revenue	<u>537,452</u>
 <u>Operating Expenses</u>	
Sewer Operations and Maintenance	262,627
Miscellaneous Expense	<u>389</u>
Total Operating Expenses	<u>263,016</u>
 Net Operating Income Before Depreciation	274,436
(Less): Depreciation	<u>(234,471)</u>
Operating Income	<u>39,965</u>
 <u>Non-Operating Revenues (Expenses)</u>	
Interest on Investments	7,026
Interest Expense	<u>(85,320)</u>
Total Non-Operating Revenues (Expenses)	<u>(78,294)</u>
 Net Income	<u>(38,329)</u>
 Retained Earnings - April 1, 2003	<u>2,605,348</u>
Retained Earnings - March 31, 2004	<u>\$2,567,019</u>

See accompanying notes to financial statements.

ROLLIN TOWNSHIP
Statement of Cash Flows
Proprietary Fund Type
March 31, 2004

	Proprietary Fund Type <u>Sewer Funds</u>
<u>Cash Flows From Operating Activities</u>	
Cash Received - Sewer Assessments & Usage	\$ 454,820
Cash Payments - Miscellaneous	14
Cash Payments for Sewer Usage	<u>(266,498)</u>
Net Cash Provided (Used) By Operating Activities	<u>188,336</u>
<u>Cash Flows From Non-Capital Financing Activities:</u>	
Receipts from Interfund Loans	<u>---</u>
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>---</u>
<u>Cash Flows From Capital And Related Financing Activities:</u>	
Principal on Bonds Paid	(144,900)
Interest on Bonds Paid	<u>(85,320)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(230,220)</u>
<u>Cash Flows From Investing Activities:</u>	
Investment Income	7,026
Deferred Sewer Assessment Receivable	<u>88,235</u>
Net Cash Provided (Used) By Investing Activities	<u>95,261</u>
Net Increase In Cash	53,377
Cash and Cash Equivalents - Beginning	<u>777,162</u>
Cash and Cash Equivalents - Ending	<u>\$ 830,539</u>
<u>Reconciliation Of Operating Income (Loss) To</u>	
<u>Net Cash Provided (Used) By Operating Activities:</u>	
Net (Loss) Income	\$ (38,329)
Adjustments to Reconciled Net Loss to Net	
Cash Provided by Operating Activities:	
Depreciation	234,471
Changes in Operating Assets and Liabilities:	
(Increase) in Receivables	(82,618)
(Increase) in Due to Other Funds	---
Increase in Long-Term Debt	3,050
(Decrease) in Accounts Payable	<u>(3,482)</u>
Net Cash Provided By (Used For) Operating Activities	<u>113,092</u>
<u>Net Cash Used For Investing Activities</u>	
Purchase of Property, Plant and Equipment	<u>---</u>
<u>Net Cash Provided By Capital and Related Financing Activities</u>	
Deferred Sewer Assessments	88,235
Principal Paid on Bonds Payable	<u>(147,950)</u>
Net Cash Provided By Capital and Related Financing Activities	<u>(59,715)</u>
Increase (Decrease) In Cash	53,377
Cash and Cash Equivalents - Beginning	<u>777,162</u>
Cash and Cash Equivalents - Ending	<u>\$ 830,539</u>

See accompanying notes to financial statements.

ROLLIN TOWNSHIP
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For The Fiscal Year Ended March 31, 2004

	<u>Current Tax Collection Fund</u>			
	<u>Balance April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2004</u>
<u>Assets</u>				
Cash	\$ 4,394	\$2,966,863	\$2,943,363	\$ 27,894
Total Assets	<u>\$ 4,394</u>	<u>\$2,966,863</u>	<u>\$2,943,363</u>	<u>\$ 27,894</u>
<u>Liabilities</u>				
Due to Other Funds, Individual and Government Entities	\$ 4,394	\$2,966,863	\$2,943,363	\$ 27,894
Total Liabilities	<u>\$ 4,394</u>	<u>\$2,966,863</u>	<u>\$2,943,363</u>	<u>\$ 27,894</u>
		<u>Trust and Agency Fund</u>		
<u>Assets</u>				
Cash	\$ 709	\$ 22,088	\$ 21,667	\$ 1,130
Total Assets	<u>\$ 709</u>	<u>\$ 22,088</u>	<u>\$ 21,667</u>	<u>\$ 1,130</u>
<u>Liabilities</u>				
Due to Other Funds, State, County and Schools	\$ 709	\$ 22,088	\$ 21,667	\$ 1,130
Total Liabilities	<u>\$ 709</u>	<u>\$ 22,088</u>	<u>\$ 21,667</u>	<u>\$ 1,130</u>

See accompanying notes to financial statements.

ROLLIN TOWNSHIP
Notes To Financial Statements
March 31, 2004

Note 1: Summary of Significant Accounting Policies:

Rollin Township - Reporting Entity

The Township of Rollin, Lenawee County, Michigan operates under a Township Board, elected to provide services as authorized by its charter: public safety, highways, and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning and general administrative services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the Township of Rollin (the primary government).

The financial reporting entity consists of (A) the primary government, (B) organizations for which the primary government is financially accountable, and (C) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are financially dependent on it.

The Township of Rollin has no other reporting entities to be included in this report.

Fire protection services are provided by Addison Fire Board, which is a separate governmental entity and, therefore, is not represented in the financial statements included herein. The Township does, however, pay for services for fire protection. Accordingly, fees for fire protection are reported in the appropriate portions of the Townships financial statements.

The accounting policies of Rollin Township conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

A. Fund Accounting

The accounts of Rollin Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government Funds:

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Fiduciary Funds:

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations. These include the Current Tax Collection Fund, Trust and Agency Funds and Sewer Drain Funds.

ROLLIN TOWNSHIP
Notes To Financial Statements
March 31, 2004

Proprietary Funds:

Proprietary Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Rollin Sewer Fund of the Township is accounted for as an Proprietary Fund.

B. Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and Expendable Trust Funds are accounted for on a spending or "financial flow" measurement focus.

This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("Infra-structure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

C. Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund Balance sheets. Depreciation has been provided over the estimated useful life using the straight-line method. The estimated useful lives are as follows:

Sewer Plant

40 years

ROLLIN TOWNSHIP
Notes To Financial Statements
March 31, 2004

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary, refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. Total Columns on Combined Statement - Overview

Total Columns on Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

F. Cash and Cash Equivalents

Amounts reported as cash and cash equivalents includes amounts in demand deposits as well as certificates of deposits, with an original maturity of three months or less.

Note 2: Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

General	Fixed Assets 3/31/03	Additions	General Deletions	Fixed Assets 3/31/04
Land, Land Improvement And Building	\$305,422	\$ ---	\$ ---	\$305,422
Equipment	<u>57,881</u>	<u>7,544</u>	<u>---</u>	<u>65,425</u>
Totals	<u>\$363,303</u>	<u>\$7,544</u>	<u>\$ ---</u>	<u>\$370,847</u>

Note 3: Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the method of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

ROLLIN TOWNSHIP
Notes To Financial Statements
March 31, 2004

Note 4: Property Taxes

Property taxes attach as an enforceable lien on the property as of January 1. Taxes are levied and payable in on installment. Township property tax revenues are recognized when levied to the extent that they result in current receivables. The Townships policy is to record uncollected real and personal property taxes as taxes receivable. Accordingly, no deferred revenues have been recognized.

Note 5: Investments

Investments are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1 Insured or registered, or securities held by the Township or its agent in the Township's name.

Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.

Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Cash, Demand Deposits and Sav. Accts	\$1,523,518	\$ ---	\$ ---	\$1,523,518	\$1,523,518
	<u>\$1,523,518</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$1,523,518</u>	<u>\$1,523,518</u>

Cash balances exceed FDIC insurance amounts. Monies are on deposit at three banks at March 31, 2004. Insured amount is \$300,000, uninsured is \$1,223,518.

Note 6: Interfund Receivables and Payables

The amounts of interfund receivables and payables as of March 31, 2004 are summarized as follows:

<u>Interfund Fund</u>	<u>Receivable</u>	<u>Interfund Fund</u>	<u>Payable</u>
General Fund	\$ 8,088	General Fund	\$ 6,142
Current Tax Coll.	---	Current Tax Coll.	2,318
Trust and Agency	---	Trust and Agency	1,130
Street Lights	375	Street Lights	5,015
Drain Funds	<u>6,142</u>	Drain Funds	<u>---</u>
	<u>\$14,605</u>		<u>\$14,605</u>

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Note 7: Interest Receivable

Interests on investments are recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

ROLLIN TOWNSHIP
Notes To Financial Statements
March 31, 2004

Note 8: Fund Balances

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds present the amount that has been legally identified for specific purposes.

Note 9: Receivables

All receivables are reported at their gross value. No provisions for uncollectible amounts were determined, all receivables are considered fully collectible.

Note 10: Budgets and Budgetary Accounting

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the township's actual expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the township for these budgetary funds were adopted on a basis consisting with General Accepted Accounting Principals, (GAAP). All appropriations lapse at year end.

Expenditures, which exceed budget and were in violation of Act 621 are as follows:

	<u>Budgeted</u>	<u>Appropriations</u>	<u>Amount Of Difference</u>
General Fund:			
Clerk	\$17,950	\$18,266	\$ (316)
Assessor	28,000	28,759	(759)
Inspection	23,275	23,720	(445)

Note 11: Rollin - Woodstock Sanitary Drain Bond

Bonds issued by Rollin and Woodstock Township for Sanitary Plant Improvements.

Bonds are obligated by three municipalities as follows:

Village of Addison	15%
Township of Rollin	61%
Township of Woodstock	24%

Total bond issue - \$5,080,000.

Principle Payment due - October 1st each year.

Interest Payment made semi-annual October 1st and April 1st.

Amount of issue - Rollin Township - \$3,098,800.

Bonds Payable - March 31, 2004	\$2,970,700
Less: Current Portion	<u>131,150</u>
Total Long-Term Debt	<u>\$2,839,550</u>

Principal payments over next five years are as follows:

October 1, 2005	\$137,250
October 1, 2006	140,250
October 1, 2007	143,350
October 1, 2008	146,400
October 1, 2009	149,500

ROLLIN TOWNSHIP
Notes To Financial Statements
March 31, 2004

Note 12: Posey Lake Sanitary Drain

Purpose - Improvement of Sewer System - Series 1991 - Bonds issued by
Hudson and Rollin Township.
Allocation - Hudson Township, Michigan 76%
Rollin Township, Michigan 24%

Debt Service Schedule

<u>Date</u>	<u>Period Principal</u>	<u>Period Coupon</u>	<u>Interest</u>	<u>Total</u>	<u>Total</u>
7/1/92			\$ 15,983.55	\$ 15,983.55	\$15,983.55
1/1/93			10,655.70	10,655.70	
7/1/93	\$ 20,400.00	8.000000	10,655.70	31,055.70	41,711.40
1/1/94			9,839.70	9,839.70	
7/1/94	18,000.00	8.000000	9,839.70	27,839.70	37,679.40
1/1/95			9,119.70	9,119.70	
7/1/95	18,000.00	8.000000	9,119.70	27,119.70	36,239.40
1/1/96			8,399.70	8,399.70	
7/1/96	18,000.00	7.000000	8,399.70	26,399.70	34,799.40
1/1/97			7,769.70	7,769.70	
7/1/97	14,400.00	5.500000	7,769.70	22,169.70	29,939.40
1/1/98			7,373.70	7,373.70	
7/1/98	16,800.00	5.700000	7,373.70	24,173.70	31,547.40
1/1/99			6,894.90	6,894.90	
7/1/99	16,800.00	5.800000	6,894.90	23,694.90	30,589.80
1/1/00			6,407.70	6,407.70	
7/1/00	16,800.00	5.900000	6,407.70	23,207.70	29,615.40
1/1/01			5,912.10	5,912.10	
7/1/01	16,800.00	6.000000	5,912.10	22,712.10	28,624.20
1/1/02			5,408.10	5,408.10	
7/1/02	16,800.00	6.050000	5,408.10	22,208.10	27,616.20
1/1/03			4,899.90	4,899.90	
7/1/03	16,800.00	6.150000	4,899.90	21,699.90	26,599.80
1/1/04			4,383.30	4,383.30	
7/1/04	16,800.00	6.250000	4,383.30	21,183.30	25,566.60
1/1/05			3,858.30	3,858.30	
7/1/05	16,800.00	6.300000	3,858.30	20,658.30	24,516.60
1/1/06			3,329.10	3,329.10	
7/1/06	16,800.00	6.350000	3,329.10	20,129.10	23,458.20
1/1/07			2,795.70	2,795.70	
7/1/07	16,800.00	6.350000	2,795.70	19,595.70	22,391.40
1/1/08			2,262.30	2,262.30	
7/1/08	19,200.00	6.400000	2,262.30	21,462.30	23,724.60
1/1/09			1,647.90	1,647.90	
7/1/09	20,400.00	6.450000	1,647.90	22,047.90	23,695.80
1/1/10			990.00	990.00	
7/1/10	20,400.00	5.000000	990.00	21,390.00	22,380.00
1/1/11			480.00	480.00	
7/1/11	19,200.00	5.000000	480.00	19,680.00	20,160.00
	336,000.00		220,838.55	556,838.55	
Accrued			1,716.75	1,716.75	
	<u>\$336,000.00</u>		<u>\$219,121.80</u>	<u>\$555,121.80</u>	

ROLLIN TOWNSHIP
General Fund
Balance Sheet
March 31, 2004

Assets

Cash	\$259,741
Investments - Savings and Certificates of Deposits	387,547
Receivables:	
Taxes Including Interest, Penalties and Liens, General Interest	14,823
Prepaid Insurance	4,810
Due from Other Funds	8,088
Fixed Assets (Net of Depreciation)	---
Total Assets	<u>\$675,009</u>

Liabilities and Fund Balance**Liabilities:**

Accounts Payable	\$ 11,665
Deferred Revenue	13,112
Deposits Payable - Mobile Homes and Use Permits	2,091
Due to Other Funds	6,142
Total Liabilities	<u>33,010</u>

Fund Equity:

Reserved:	
Park	---
Unreserved:	
Undesignated	641,999
Total Retained Earnings Equity	<u>641,999</u>
Total Liabilities and Fund Equity	<u>\$675,009</u>

See accompanying notes to financial statements

ROLLIN TOWNSHIP
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Taxes	\$ 79,783	\$ 85,968	\$ 6,185
Licenses and Permits	25,241	26,723	1,482
Trailer Park Fees	309	466	157
Intergovernmental Revenues	203,205	187,924	(15,281)
Interest Income	13,910	15,930	2,020
Miscellaneous	7,929	11,958	4,029
Charges for Services:			
Land Fill	15,800	14,828	(972)
Cable Franchise	6,882	13,766	6,884
Tax Administrative Fees	38,553	30,885	(7,668)
Total Revenues	<u>391,612</u>	<u>388,448</u>	<u>(3,164)</u>
<u>Expenditures:</u>			
General Government	177,574	170,136	7,438
Public Safety	59,900	59,840	60
Highways, Streets and Bridges	120,080	116,495	3,585
Zoning and Planning	8,855	2,576	6,279
Transfer Station	27,750	19,994	7,756
Hospital	24,300	24,178	122
Parks	20,200	5,469	14,731
Total Expenditures	<u>438,659</u>	<u>398,688</u>	<u>39,971</u>
Excess (Deficiency) of Revenues Over Expenditures	(47,047)	(10,240)	36,807
Fund Balance - Beginning of Year	<u>652,239</u>	<u>652,239</u>	<u>---</u>
Fund Balance - End of Year	<u>\$605,192</u>	<u>\$641,999</u>	<u>\$ 36,807</u>

See accompanying notes to financial statements.

ROLLIN TOWNSHIP
General Fund
Statement of Expenditures, Compared To Budget (GAAP Basis)
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government:			
Legislative Board:			
Salaries and Fringe Benefits	\$ 2,775	\$ 2,368	\$ 407
Transportation	100	35	65
Printing and Publishing	1,000	526	474
Memberships and Dues	3,500	3,296	204
Miscellaneous	400	179	221
Capital Outlay	100	100	---
Total Legislative	<u>7,875</u>	<u>6,504</u>	<u>1,371</u>
Executive:			
Supervisor's Salary and Fringe Benefits	12,000	12,380	(380)
Deputy Supervisor's Salary and Fringe Benefits	2,600	2,582	18
Transportation	100	22	78
Supplies	50	---	50
Printing and Publishing	200	---	200
Miscellaneous	50	---	50
Total Executive	<u>15,000</u>	<u>14,984</u>	<u>16</u>
Election:			
Salaries and Fringe Benefits	---	---	---
Printing and Publishing	---	---	---
Transportation	---	---	---
Supplies	1,240	187	1,053
Miscellaneous	---	---	---
Total Election	<u>1,240</u>	<u>187</u>	<u>1,053</u>
Clerk:			
Salaries and Fringe Benefits:			
Clerk	13,500	13,456	44
Deputy Clerk	2,450	2,584	(134)
Office Supplies	1,000	1,704	(704)
Transportation	400	22	378
Printing and Publishing	50	---	50
Miscellaneous	50	---	50
Capital Outlay	500	500	---
Total Clerk	<u>17,950</u>	<u>18,266</u>	<u>(316)</u>
Assessor:			
Salaries and Fringe Benefits	18,900	18,982	(82)
Office Supplies	1,280	1,420	(140)
Miscellaneous	320	857	(537)
Transportation	---	---	---
Printing and Publishing	4,500	4,500	---
Capital Outlay	3,000	3,000	---
Total Assessor	<u>28,000</u>	<u>28,759</u>	<u>(759)</u>
Board of Appeals:			
Salaries and Fringe Benefits	3,800	1,911	1,889
Supplies	415	109	306
Transportation	40	---	40
Printing and Publishing	530	258	272
Miscellaneous	40	---	40
Total Board of Appeals	<u>4,825</u>	<u>2,278</u>	<u>2,547</u>

ROLLIN TOWNSHIP
General Fund
Statement of Expenditures, Compared To Budget (GAAP Basis)
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Treasurer:			
Salaries and Fringe Benefits:			
Treasurer	\$ 12,900	\$ 12,873	\$ 27
Deputy Treasurer	2,400	2,584	(184)
Supplies	2,000	666	1,334
Transportation	300	---	300
Printing and Publishing	650	---	650
Miscellaneous	100	---	100
Repairs and Maintenance	---	---	---
Capital Outlay	500	500	---
Total Treasurer	<u>18,850</u>	<u>16,623</u>	<u>2,227</u>
Cemetery:			
Contracted Services	6,500	6,413	87
Supplies	---	---	---
Repairs and Maintenance	6,000	---	6,000
Miscellaneous	1,000	---	1,000
Total Cemetery	<u>13,500</u>	<u>6,413</u>	<u>7,087</u>
Township Hall and Other Property:			
Capital Outlay	460	460	---
Supplies	200	677	(477)
Contracted Services	8,000	1,400	6,600
Utilities and Telephone	3,700	3,436	264
Repairs and Maintenance	7,400	895	6,505
Miscellaneous	1,345	653	692
Total Township Hall	<u>21,105</u>	<u>7,521</u>	<u>13,584</u>
Attorney and Audit	<u>15,000</u>	<u>6,217</u>	<u>8,783</u>
Insurance and Bonds	<u>10,000</u>	<u>9,018</u>	<u>982</u>
Building, Site and Electric Inspectors:			
Salaries and Fringe Benefits	20,650	21,688	(1,038)
Telephone	650	613	37
Transportation	500	594	(94)
Meetings and Dues	1,200	368	832
Office Supplies	125	457	(332)
Printing and Publishing	---	---	---
Miscellaneous	150	---	150
Total Building Inspector	<u>23,275</u>	<u>23,720</u>	<u>(445)</u>
Board of Review:			
Salaries and Fringe Benefits	600	501	99
Printing and Publishing	180	---	180
Supplies	50	---	50
Transportation	24	---	24
Miscellaneous	100	---	100
Total Board of Review	<u>954</u>	<u>501</u>	<u>453</u>
Other	<u>---</u>	<u>29,145</u>	<u>(29,145)</u>
Total General Government	<u>177,574</u>	<u>170,136</u>	<u>7,438</u>
Public Safety:			
Salaries and Wages	900	969	(69)
Fire-Contracted Services	59,000	58,871	129
Total Public Safety	<u>59,900</u>	<u>59,840</u>	<u>60</u>

ROLLIN TOWNSHIP
General Fund
Statement of Expenditures, Compared To Budget (GAAP Basis)
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Highways:			
Contractual Services	\$ ---	\$ ---	\$ ---
Repairs and Maintenance	120,000	116,429	3,571
Utilities - Traffic Lights	80	66	14
Total Highways	<u>120,080</u>	<u>116,495</u>	<u>3,585</u>
Zoning and Planning:			
Salaries and Fringe Benefits	3,395	2,353	1,042
Printing and Publishing	1,000	170	830
Supplies	430	53	377
Transportation	30	---	30
Miscellaneous	4,000	---	4,000
Total Zoning and Planning	<u>8,855</u>	<u>2,576</u>	<u>6,279</u>
Hospital:			
Contracted Agreement	24,300	24,178	122
Total Hospital	<u>24,300</u>	<u>24,178</u>	<u>122</u>
Parks:			
Mowing Contract	10,000	2,975	\$ 7,025
Maintenance	3,200	410	2,790
Miscellaneous	---	---	---
Capital Outlay	7,000	2,084	4,916
Total Parks	<u>20,200</u>	<u>5,469</u>	<u>14,731</u>
Transfer Station:			
Salaries and Fringe Benefits	5,250	4,597	\$ 653
Supplies	400	173	227
Contractual Services	20,000	14,224	5,776
Printing and Publishing	100	---	100
Repairs and Maintenance	500	---	500
Miscellaneous	500	---	500
Capital Outlay	1,000	1,000	---
Total Transfer Station	<u>27,750</u>	<u>19,994</u>	<u>7,756</u>
Totals	<u>\$438,659</u>	<u>\$398,688</u>	<u>\$39,971</u>

See accompanying notes to financial statements.

ROLLIN TOWNSHIP
Special Assessment Fund - Street Lighting
Balance Sheet
March 31, 2004

Assets

Cash	\$16,667
Taxes Receivable - Delinquent	1,560
Due From Tax Collection	<u>375</u>

Total Assets\$18,602**Liabilities and Fund Balance****Liabilities:**

Accounts Payable	\$ 2,241
Due To General Fund	15
Due To Other Funds	<u>5,000</u>

Total Liabilities7,256**Fund Balance:**

Undesignated	<u>11,346</u>
--------------	---------------

Total Fund Balance11,346**Total Liabilities and Fund Balance**\$18,602

See accompanying notes to financial statements.

ROLLIN TOWNSHIP
Special Assessment Fund - Street Lighting
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Year Ended March 31, 2004

Revenues:

Special Assessments
Interest Income

\$24,675
103

Total Revenues

24,778

Expenditures:

Electricity
Other

26,741

Total Expenditures

26,741

Excess (Deficiency) of Revenues Over Expenditures

(1,963)

Fund Balance - Beginning of Year

13,309

Fund Balance - End of Year

\$11,346

See accompanying notes to financial statements.

ROLLIN TOWNSHIP
Trust and Agency Funds
Combining Balance Sheet
March 31, 2004

	Current Tax Collection Fund	Trust and Agency Fund	Total
<u>Assets</u>			
Cash and Money Markets	\$27,894	\$1,130	\$29,024
Certificate of Deposit	---	---	---
Taxes Receivable-Delinquent	---	---	---
Due from General Fund	---	---	---
Total Assets	<u>\$27,894</u>	<u>\$1,130</u>	<u>\$29,024</u>
<u>Liabilities</u>			
Accounts Payable	\$ ---	\$ ---	\$ ---
Due to Posey Lake	---	---	---
Debt Retirement	---	---	---
Due to Posey Lake For	---	---	---
Operations And Maintenance	---	---	---
Due to Other Funds	2,317	1,130	3,447
Due to Other Authorities	<u>25,577</u>	<u>---</u>	<u>25,577</u>
Total Liabilities	<u>\$27,894</u>	<u>\$1,130</u>	<u>\$29,024</u>

See accompanying notes to financial statements.

ROLLIN TOWNSHIP
Trust and Agency Funds
Combining Statement of Cash Receipts and Disbursements
All Agency Funds
Year Ended March 31, 2004

	<u>Current Tax Collection Fund</u>	<u>Trust and Agency Fund</u>	<u>Total</u>
Cash in Bank - Beginning of Year	\$ 4,394	\$ 709	\$ 5,103
Cash Receipts:			
Property Taxes and Assessments	2,959,783	---	2,959,783
Interest and Penalties	364	---	364
Sewer Charges	---	---	---
Trailer Park Fees	---	4,399	4,399
Payroll Taxes	---	17,689	17,689
Other	6,716	---	6,716
Total Cash Receipts	<u>2,966,863</u>	<u>22,088</u>	<u>2,988,951</u>
Total Cash Available	<u>2,971,257</u>	<u>22,797</u>	<u>2,994,054</u>
Cash Disbursements:			
Township General Fund	113,049	466	113,515
Township Street Lighting	22,740	---	22,740
Township Sewer Rollin	23,220	---	23,220
Township Sewer Drain Posey Lake	19,517	---	19,517
Lenawee County	685,808	2,325	688,133
Payroll Taxes	---	18,876	18,876
Lenawee County			
Intermediate School District	878,897	---	878,897
Addison Schools	948,412	---	948,412
Hudson Schools	43,682	---	43,682
Onsted Schools	6,379	---	6,379
Addison - Village	---	---	---
Lenawee County Drain Commission	86,221	---	86,221
State Education Fund	---	---	---
Addison Fire	107,173	---	107,173
Other	8,265	---	8,265
Total Cash Disbursements	<u>2,943,363</u>	<u>21,667</u>	<u>2,965,030</u>
Cash in Bank - End of Year	<u>\$ 27,894</u>	<u>\$ 1,130</u>	<u>\$ 29,024</u>

See accompanying notes to financial statements.

ROLLIN TOWNSHIP
Sewer Funds
Combined Balance Sheet
Year Ended March 31, 2004

	<u>Posey Lake Sewer Fund</u>	<u>Rollin/Woodstock Sewer Fund</u>	<u>Total</u>
<u>Assets</u>			
<u>Current Assets:</u>			
Cash and Cash Equivalents	\$ 87,068	\$ 743,471	\$ 830,539
<u>Accounts Receivable:</u>			
Sewer Services	89,606	11,194	100,800
Due from Other Funds	<u>2,162</u>	<u>3,980</u>	<u>6,142</u>
Total Current Assets	<u>178,836</u>	<u>758,645</u>	<u>937,481</u>
<u>Plant in Service</u>			
Sewer System Plant	336,000	8,931,721	9,267,721
Less: Accumulated Depreciation	<u>(105,000)</u>	<u>(4,309,618)</u>	<u>(4,414,618)</u>
Net Book Value	<u>231,000</u>	<u>4,622,103</u>	<u>4,853,103</u>
Total Assets	<u>\$ 409,836</u>	<u>\$5,380,748</u>	<u>\$ 5,790,584</u>
<u>Liabilities and Fund Equity</u>			
<u>Current Liabilities:</u>			
Current Portion of Bonds Payable	\$ 16,800	131,150	\$ 147,950
Accounts Payable	<u>218</u>	<u>17,512</u>	<u>17,730</u>
Total Current Liabilities	<u>17,018</u>	<u>148,662</u>	<u>165,680</u>
<u>Long Term Liabilities:</u>			
Deferred Sewer Assessments	88,235	---	88,235
Bonds Payable (Net of Current Portion)	<u>130,100</u>	<u>2,839,550</u>	<u>2,969,650</u>
Total Long Term Liabilities	<u>218,335</u>	<u>2,839,550</u>	<u>3,057,885</u>
<u>Fund Equity</u>			
Retained Earnings	<u>174,483</u>	<u>2,392,536</u>	<u>2,567,019</u>
Total Fund Equity	<u>174,483</u>	<u>2,392,536</u>	<u>2,567,019</u>
Total Liabilities and Fund Equity	<u>\$ 409,836</u>	<u>\$5,380,748</u>	<u>\$ 5,790,584</u>

See accompanying notes to financial statements.

ROLLIN TOWNSHIP
Sewer Funds
Combining Statement of Revenues, Expenses And Changes In Retained Earnings
Year Ended March 31, 2004

	<u>Posey Lake Sewer Fund</u>	<u>Rollin/Woodstock Sewer Fund</u>	<u>Total</u>
<u>Operating Revenues</u>			
Sewer Assessments and Usage	\$ 33,049	\$ 504,389	\$ 537,438
Miscellaneous Income	14	---	14
Total Operating Revenues	<u>33,063</u>	<u>504,389</u>	<u>537,452</u>
<u>Operating Expenses</u>			
Sewer Operations and Maintenance	11,070	251,557	262,627
Miscellaneous Expense	114	275	389
Total Operating Expenses	<u>11,184</u>	<u>251,832</u>	<u>263,016</u>
Net Operating Income Before Depreciation	21,879	252,557	274,436
Less: Depreciation	<u>(8,400)</u>	<u>(226,071)</u>	<u>(234,471)</u>
Operating Income	<u>13,479</u>	<u>26,486</u>	<u>39,965</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest on Investments	495	6,531	7,026
Interest Expense	<u>(9,283)</u>	<u>(76,037)</u>	<u>(85,320)</u>
Total Non-Operating Revenues (Expenses)	<u>(8,788)</u>	<u>(69,506)</u>	<u>(78,294)</u>
Net Income	4,691	(43,020)	(38,329)
Retained Earnings - April 1, 2003	<u>169,792</u>	<u>2,435,556</u>	<u>2,605,348</u>
Retained Earnings - March 31, 2004	<u>\$ 174,483</u>	<u>\$2,392,536</u>	<u>\$2,567,019</u>

See accompanying notes to financial statements.

ROLLIN TOWNSHIP
Statement of Cash Flows
Proprietary Fund Type
March 31, 2004

	<u>Proprietary Fund Type Sewer Funds</u>
<u>Cash Flows From Operating Activities</u>	
Cash Received - Sewer Assessments & Usage	\$ 454,820
Cash Payments - Miscellaneous	14
Cash Payments for Sewer Usage	<u>(266,498)</u>
Net Cash Provided (Used) By Operating Activities	<u>188,336</u>
<u>Cash Flows From Non-Capital Financing Activities:</u>	
Receipts from Interfund Loans	<u>---</u>
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>---</u>
<u>Cash Flows From Capital And Related Financing Activities:</u>	
Principal on Bonds Paid	(144,900)
Interest on Bonds Paid	<u>(85,320)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(230,220)</u>
<u>Cash Flows From Investing Activities:</u>	
Investment Income	7,026
Deferred Sewer Assessment Receivable	<u>88,235</u>
Net Cash Provided (Used) By Investing Activities	<u>95,261</u>
Net Increase In Cash	53,377
Cash and Cash Equivalents - Beginning	<u>777,162</u>
Cash and Cash Equivalents - Ending	<u>\$ 830,539</u>
<u>Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:</u>	
Net (Loss) Income	\$ (38,329)
Adjustments to Reconciled Net Loss to Net Cash Provided by Operating Activities:	
Depreciation	234,471
Changes in Operating Assets and Liabilities:	
(Increase) in Receivables	(82,618)
(Increase) in Due to Other Funds	---
Increase in Long-Term Debt	3,050
(Decrease) in Accounts Payable	<u>(3,482)</u>
Net Cash Provided By (Used For) Operating Activities	<u>113,092</u>
Net Cash Used For Investing Activities	
Purchase of Property, Plant and Equipment	<u>---</u>
Net Cash Provided By Capital and Related Financing Activities	
Deferred Sewer Assessments	88,235
Principal Paid on Bonds Payable	<u>(147,950)</u>
Net Cash Provided By Capital and Related Financing Activities	<u>(59,715)</u>
Increase (Decrease) In Cash	53,377
Cash and Cash Equivalents - Beginning	<u>777,162</u>
Cash and Cash Equivalents - Ending	<u>\$ 830,539</u>

See accompanying notes to financial statements.

ROLLIN TOWNSHIP
Schedule of General Fixed Assets - By Sources
March 31, 2004

General Fixed Assets:

Land, Land Improvements and Building
Equipment

\$305,422

65,425

Total General Fixed Assets

\$370,847

General Fund

\$370,847

See accompanying notes to financial statements.

PHILIP R. RUBLEY

- Certified Public Accountant -

133 W. MAIN STREET • MORENCI, MI 49256

PHONE 517/458-2274

FAX 517/458-6353

PHILIP R. RUBLEY, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF C.P.A.'S
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

August 18, 2004

Township Board
Rollin Township
Lenawee County, Michigan

We have examined the combined financial statements of the Rollin Township, Lenawee County, Michigan and the combining, individual fund and account group financial statements of the Township as of and for the year ended March 31, 2004, and have issued our report thereon dated August 18, 2004. As a part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgements by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgement, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgements required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our examination of the financial statements made in accordance with auditing standards generally accepted in the United States of America, including the study and evaluation of the Township's system of internal accounting control for the year ended March 31, 2004, that was made for the purpose set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

Such study and evaluation disclosed the following conditions, which we consider to be material weaknesses for which corrective action by the management of Rollin Township as recommended:

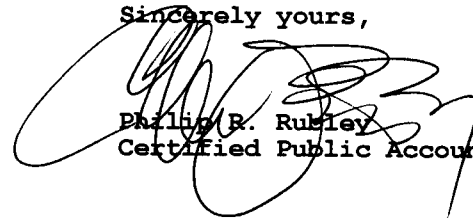
1. **General Ledgers**
It is necessary that all postings of revenue and expenditures be made in the month they were paid and/or received. Not all activity was posted to general ledger during the year. Prior year comment.
2. **General Ledger/Cash Accounts**
The cash accounts in the general ledger should be tied out to the reconciled bank balance each month, between the Treasurer and Clerk. The general ledger cash accounts did not agree with Treasurer's reconciliations. Prior year comment
3. **Receipt Journal**
The receipts recorded in the journal should match postings for the month to the general ledger. Prior year comment.
4. **Savings Account Activity**
All activity both receipts and disbursements or transfers must be made in the general ledger. This is done through general entries. This is connected to reconciling the cash accounts under item 2. Prior year comment.
5. **Permits**
Permits and internal controls over monies reviewed, numbers follow up, etc. needs to be revised. All permits should be accounted for, proper fee charged, etc. Need to revise and setup an accounting system. All permits should be marked when paid, how much, receipt number used, etc. Permit monies are being held too long and not deposited on a timely basis.
6. **Issuing of Receipts**
Receipts need to reflect bank account numbers, names and date deposited. A proper audit trail back to the bank statements, etc. Prior year comment.
7. **Drain Funds/Sewer Funds**
Activity was not posted and reconciled completely in these funds. Prior year comment. Some accounts are not classified correctly. It was noticed there are some income accounts classified as asset accounts and some asset accounts classified as income and expense accounts. This caused a problem at year end when closing. Proper account numbers and adjustments need to be made.
8. **Governmental Accounting Standard Board Statement No. 34 - Basic Financial Statements - And Management's Discussion and Analysis**
Effective June 15, 2001 the Governmental Accounting Standard Board pronouncement 34 was set in motion. This changes many items in the reporting model. There are six major differences between the current model and statement 34.
 1. Key definitions for governmental reporting. The objective here is to enhance the understandability and usefulness of the general-purpose external financial reports to users. This will require government - wide financial statements along with fund financial statements.
 2. Letter of Transmittal and Management Discussion and Analysis. The objective is for management to outline basic information; provide subjective analysis of projects and initiates, describe service efforts and accomplishments and include descriptions of reporting requirements and acknowledgments.
 3. Combined financial statements and government - wide reporting.
 4. Infrastructure accounting and reporting.

5. Measurement focus and basis of accounting. The objective - full accrual accounting vs. modified accrual basis for government - wide statements. Fund statements will still be on accrual and modified accrual.
6. Revisions to Fund Financial Statements.

The above mentioned conditions were considered in determining the nature, timing, and extent of audit tests to be applied to our examination of the financial statements, and this report does not modify our report dated August 18, 2004, on such financial statements.

If we can be of any further assistance, please do not hesitate in contacting us.

Sincerely yours,



Phillip R. Rubley
Certified Public Accountant

PRR/cab